GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:1519
ANSWERED ON:28.11.2000
HINDUSTAN STEEL CORPORATION LIMITED
RAVINDRA KUMAR PANDEY

Will the Minister of STEEL be pleased to state:

(a) whether the Government have announced any special economic package for the Hindustan Steel Corporation Limited;

(b) if so, the details thereof;

(c) whether the employees are not being paid their salaries for the last 18 months and also who are opting for voluntary retirement under the V.R.S. are not being paid G.P.F., gratuity and other pensionary benefits; and

(d) if so, the details thereof and the reasons therefor?

Answer

THE MINISTER OF STATE FOR STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a) Yes, Sir.

(b) A financial cum restructuring package was approved by the Cabinet Committee on Economic Affairs (CCEA) on 6th July, 1999. The package inter-alia contains the following:

1) Conversion of plan loans amounting to Rs.97.10 crores as on 31.3.1999 into equity.
2) Grant of moratorium on repayment of and interest holiday on all Government of India loans upto 31.3.99 for 10 years.
3) Waiver of interest accrued and outstanding on all Government of India loans as on 31.3.99 amounting to Rs.957.81 crores.
4) HSCL has been provided Rs.79.33 crores as non-plan loan during 1999-2000 for meeting its statutory liabilities only. This will have a moratorium on repayment and interest holiday for five years, subject to review at the end of five years.
5) Exemption of payment from corporate tax in 1999-2000 on account of windfall profits due to waiver of interest on loans.
6) Continuance of Government Guarantee for Rs. 12 crores cash credit and Rs. 80 crores bank guarantee facilities, with waiver of guarantee commission of 1%.
7) Govt. will provide Govt. guarantee and full interest subsidy thereof for raising loan of Rs. 318.36 crores by HSCL from Banks during the three year i.e. 1999-2000 to 2001-02 for separating 2000 employees per year.

(c) & (d): Due to recession in the Steel Industry, excessive manpower in HSCL,inadequate work orders from public sector steel plants, HSCL could not earn adequate income to pay salaries and wages to its employees in time. In some of the Units of HSCL, salaries are not being paid to the employees of the company for the last 18 months.

In regard to VRS, till 31st October, 2000, 5661 employees have been separated and released. Against this 4234 employees have so far been paid their VR benefits. Govt. Guarantee for remaining loan of Rs. 108.54 crores has been given and VR benefits of remaining employees will be settled on disbursal of loan from bank to HSCL.